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REWALD
WASHINGTON

The CIA conducted foreign and domestic intelligence operations, including secret shipments of weapons to foreign countries, through a firm the government charges was forced into bankruptcy by Ronald Rewald, ABC News reported Wednesday night.

Rewald, jailed on charges of swindling 400 investors out of \$22 million, has claimed he was a CIA agent and that the investment firm Bishop, Baldwin, Rewald, Dillingham and Wong that eventually went bankrupt was a CIA front.

The CIA will not say whether Rewald was an agent, but admits it had "slight involvement" with the Bishop Baldwin Co. The man appointed as the firm's bankruptcy trustee confirms the CIA connection, ABC said.

"Clearly this was a commercial cover operation for the CIA," trustee Thomas Hayes told ABC. "One or more agents used it for that purpose. But that doesn't justify stealing \$22 million dollars of someone's money."

Rewald denied the money is missing, saying it is in several different banks under other names.

ABC said it has learned the agency was heavily entrenched in Bishop-Baldwin, "running a number of foreign and domestic intelligence operations, one of which violated an international treaty."

"I saw personally documentation of undercover operations that were being carried on under the covers established by Bishop Baldwin ... for the CIA," Robert Jinks, a Bishop Baldwin consultant told ABC.

Jinks said he too was a CIA agent and once went to Hong Kong with Rewald on a clandestine mission to "spread scare stories about the financial impact of China taking over (Hong Kong) when Britain's lease runs out in 1997."

"The firm even released a lengthy report which encouraged investors to move their money elsewhere," he said.

Rewald said, "We were doing our part, just like everyone else was, to keep that money flowing towards the United States as opposed to Europe or some other country."

"To fuel the panic in Hong Kong?" ABC asked. "That's right," Rewald said.

Bishop Baldwin was also involved in arranging secret shipments of military hardware to countries like Syria, India and Taiwan, ABC said.

Another agent, Russell Kim, in a sworn statement, said the Taiwan deal involved such items as laser-sighting devices for M-16 rifles, armored personnel carriers and M-60 tanks.

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The multimillion-dollar "backdoor" deal enabled the CIA on behalf of the U.S. government to circumvent its agreement with mainland China not to supply certain offensive weapons to Taiwan, ABC said.

"I don't think any of us really doubted that we had an obligation to Taiwan that we were willing to support them on an ongoing basis," Rewald said. "However, that's not something that could be done overtly."

Both the Securities and Exchange Commission and the IRS have filed charges against Rewald, and ABC said the House Oversight and Investigation subcommittee is scrutinizing Bishop Baldwin and its CIA connection.

ABC said the CIA has admitted to the subcommittee Rewald was an agent with a signed secrecy agreement.

Rewald still faces 100 federal charges of fraud, tax evasion and perjury.